

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

The Economic Impact of Low Power FM)
Stations on Full-Service Commercial FM) MB 11-83
Stations)

COMMENTS OF THE PROMETHEUS RADIO PROJECT

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COMMENTS OF THE PROMETHEUS RADIO PROJECT

Prometheus Radio Project respectfully submits these comments to inform the Commission's study of the economic impact of low-power FM stations on full-service commercial FM stations, required by the Local Community Radio Act. In these comments, we supplement our earlier comments on LPFM station budgets and underwriting with the results of a recent survey of LPFM stations.

In our earlier comments, we noted that for many and perhaps even most LPFMs, underwriting represents only a fraction of total revenue, along with individual donations and grants.¹ We noted that a 2004 study, conducted before most LPFMs were on air, found that only 56% of LPFM licensees responding indicated that they planned to include any underwriting at all as a fundraising source. That survey also found that 68% of respondents reported a budget between \$1,000 and \$10,000.²

In October 2011 we concluded an updated survey of LPFM licensees as part of the Community Media Database Project³. The survey was conducted in collaboration with Keith Brand, Associate Professor of Radio, Television and Film at Rowan University and the author of the original LPFM survey. Our results largely aligned with those found in the 2004 study. The mean budget reported by respondents in the recent survey is

¹ Comments of Prometheus Radio Project at 3-5.

² See Keith Brand, *The Rebirth of Low-Power FM Broadcasting in the U.S.*, 11 Journal of Radio Studies 153-68 (2004), cited in Prometheus Comments at 7.

³ The Community Media Database Project is a free, collaboratively developed online reference tool containing contact and other information on U.S community media providers, online at <http://communitymediadatabase.org>. Version 1.0 of the CMDB includes data on community access television providers, low power FM radio stations, full power noncommercial educational FM radio stations, and noncommercial education television stations.

\$19,402.50, with a median budget of \$10,000.00.⁴ 54% reported a budget between \$1,000 and \$10,000, and 89% reported an annual budget under \$50,000.

With respect to underwriting dollars, 69% of respondents reported that underwriting funds a portion of their budget, a larger percentage than the 56% of stations in the 2004 study which anticipated using underwriting. However, for 73% of respondents in the recent survey, underwriting funds less than 50% of their annual budget. For 63% of respondents, underwriting funds 25% or less of their annual budget. Other income sources include grants, both government and private, as well as donations from listeners. Based on the budget ranges provided by the stations which answered this question, we calculate the total number of underwriting dollars for these respondents as \$947,000.⁵ If these responses hold for all LPFM stations, then the underwriting revenue for the LPFM service as a whole would be approximately \$7,284,615.⁶ To put this in context of commercial broadcast radio advertising revenue, this number represents .0005% of the over \$15 billion in revenue for U.S. commercial radio in 2010, a negligible amount.⁷

⁴ See Appendix A for a discussion of the survey methodology and results. See Appendix B for the relevant survey data, included as a PDF in compliance with the Electronic Comment Filing System protocol. The same data has been made available to Commission staff as an Excel spreadsheet, and is available in that format to others on request.

⁵ This calculation assumes that each station raised the maximum percentage in the range they selected in answer to the question.

⁶ 109 survey respondents reported on their budgets and underwriting, representing 13% of the 829 licensed LPFM stations.

⁷ According to the Radio Advertising Bureau, the 2010 revenue for commercial radio, excluding digital and off-air advertising, was \$15,283,000,000. See <http://www.rab.com/public/pr/yearly.cfm>

These results support our earlier view that LPFM stations are highly unlikely to have a detrimental economic impact on full power commercial stations. Underwriting, as we have previously stated, represents a fraction of the budgets of most LPFM stations; these budgets themselves are only a fraction of the size of full power commercial station budgets. Underwriters for LPFM stations are most often small local businesses aiming to support local community radio, and in many cases could not afford commercial airtime in the first place. For this reason, the economic impact of LPFM stations is likely to be a boost for local business and negligible for local broadcasters.

However, we reiterate our observation that the Commission's role is not to protect incumbent stations from competitors, but to ensure that licensees serve the public interest. The LPFM service is relatively new, and has been hampered by restrictions that relegate LPFM stations to rural areas. It is our hope that both existing and future LPFM stations will continue to grow in their community impact, and in some cases, this growth will include larger budgets and increased revenue from underwriting. Such growth will likely create a positive economic impact in the communities where stations are located. In the long term, new LPFM stations may indeed have a positive economic impact on their full power commercial neighbors as well, by pushing radio to return to its roots of local community service and keeping broadcasting relevant.

Respectfully submitted,

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Appendix A: LPFM Survey Methodology and Results

In Spring 2011, the Prometheus Radio Project launched an online survey of LPFM stations to gather information about station programming, finances, and operations. The survey includes 60 questions on a variety of topics. Much of the station data will be publicly available in the Community Media Database, and the results will be analyzed in a forthcoming peer-reviewed journal article. In order to share preliminary survey data to inform the Commission's economic impact study of LPFM, we include here a preliminary discussion of the survey and the responses to relevant survey questions.

Survey recruitment

From March to August 2011, attempts were made to contact every LPFM licensee in the FCC database through email, phone calls, and regular mail. Every station with a valid email address in the FCC database (i.e., an address which did not bounce, returning mail to sender) received an email invitation to participate in the survey with periodic reminders. Email invitations included a link to an information page on the Prometheus website explaining the survey project, with a link to the online survey. For stations with no valid email address in the FCC database, student researchers under the direction of Rowan University professor Keith Brand attempted to find valid email addresses through Internet searches. In total 591 of 829 currently licensed stations received an email invitation to complete the survey. In August 2011, a postcard with a link to the survey website was sent by mail to all LPFM licensees with valid mailing addresses in the FCC

database who had not yet completed the survey at that time. Of 679 postcards sent, 36 were returned to sender due to faulty addresses.

Results

In October 2011, the list of 149 survey respondents of respondents was verified against the FCC's list of 829 licensed LPFM stations, and 144 records remained. This sample therefore represents 17% of LPFM licensees.

The following tables give basic data about the valid respondents to the survey. (Some questions were not answered by all respondents, or were not answered in a valid way by all respondents.)

Station characteristics

Region	Number of Respondents	Percentage
South	57	40%
Midwest	34	24%
Northeast	15	10%
West	38	26%
Total Valid Responses	144	100%

Organization type	Number of Respondents	Percentage
College or university	8	6%
Other school or educational institution	12	8%
Church or religious organization	36	25%
Local government or public safety organization	7	5%
Community group or non profit organization	81	56%
Total Valid Responses	144	100%

Yearly Budget

Stations were asked to report their yearly budget in dollars per year. This was a free response field. It appears that most stations opted to provide estimates to the nearest \$1,000 in their responses. Answers that were given as narratives, were less than 100 dollars, were identified as combined with budgets of parent organizations or larger programs, or were left blank are marked as N/A in the results. Answers that were given in a range were recorded as the middle of the range, unless that range spanned more than 5,000 dollars, in which case they were recorded as N/A.

Of the 144 valid respondents, 109 gave usable budget numbers. The mean budget amount is \$19,402.50. The median budget is \$10,000.00, as is the mode. These numbers are reported in the Yearly Budget Column in Appendix B.

Grant Funding

Stations were asked to identify the types of grant they had applied for and received. Some stations chose not to reply, and a small number chose invalid responses (i.e. identified themselves as not receiving or applying for grants but also identifying a type of grant they had applied for.) Of 133 valid responses, 43 stations reported having received a grant of any type. Breakdowns by type of grants received are listed in the table below.

Stations Receiving Grants

Grant	Number of stations received	Percentage of respondents received
None	90	66%
PTFP	4	3%
National Foundation	7	5%
Local Foundation	28	21%
Corporate Foundation	4	3%
Government Agency	3	2%
Total Valid Responses	133	

Respondents were also asked what percentage of their budget came from grants, with multiple choice options representing quarters of their total budget. The table below shows the responses.

Percentage of budget from grants	Number of stations reporting this number	Percentage of stations reporting this number
None	105	76%
1 - 25 %	25	18%
26 - 50 %	3	2%
51 - 75 %	1	1%
76 - 100 %	5	4%
Total Valid Responses	139	100%

Underwriting

Respondents were asked what percentage of their budget comes from underwriting, with multiple choice options representing quarters of their total budget.

The table below lists the responses.

Percentage of budget from underwriting	Number of stations reporting this number	Percentage of stations reporting this number
None	43	31%
1 - 25 %	45	32%
26 - 50 %	13	9%
51 - 75 %	13	9%
76 - 80 %	25	18%
Total Valid Responses	139	100%

Respondents were also asked how many businesses and individuals provided underwriting funds to their stations in the last year. The results are in the table below.

Number of Underwriters	Number of stations reporting this number	Percentage of stations reporting this number
None	40	29%
1 - 10	58	41%
11 - 20	13	9%
21 - 30	14	10%
More than 30	15	11%
Total Valid Responses	140	100%

Individual Donors

Respondents were asked what percentage of their budget comes from individual donors, with multiple choice options representing quarters of their total budget. The table below lists the responses.

Percentage of budget from Individuals	Number of stations reporting this number	Percentage of stations reporting this number
None	24	17%
1 - 25 %	44	32%
26 - 50 %	19	14%
51 - 75 %	12	9%
76 - 80 %	40	29%
Total Valid Responses	139	100%

Respondents were also asked how many individual donors provided funds to their stations in the last year. The results are in the table below.

Number of Individual donors	Number of stations reporting this number	Percentage of stations reporting this number
None	23	17%
1 - 50	87	64%
51 - 100	10	7%
101 - 150	8	6%
More than 150	8	6%
Total Valid Responses	136	100%

Appendix B Survey data on station finances																			
Random Identifier	Type of group	Budget	Applied to no Grants	Applied for PTFP	Applied for National Foundation	Applied for Local Foundation	Applied for Corporate Foundation	Applied for Government Agency	Received No Grants	Received PTFP	Received National Foundation	Received Local Foundation	Received Corporate Foundation	Received Government Agency	Percentage of budget from grants	Percentage of budget from Individual donors	Individual donors	Percentage of budget from underwriting	Underwriters
1	Other school	15000			1	1							1		None	1 - 25 %	1 - 50	76 - 80 %	More than 1
2	Church or n/a	6000	1												1 None	None	1 - 50	None	None
3	Local gover	1200	1												None	None	None	76 - 80 %	1 - 10
4	Community	3000								1					None	1 - 25 %	1 - 50	76 - 80 %	11 - 20
5	Community n/a		1							1					None	None	None	76 - 80 %	21 - 30
6	Church or n/a	10000	1												None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
7	Community	10000	1												None	None	None	1 - 25 %	1 - 10
8	Church or n/a	10000	1												None	76 - 80 %	1 - 50	None	None
9	Local gover	1350	1											1	None	None	None	None	None
10	Church or n/a	18000	n/a	n/a	n/a	n/a	n/a		1						None	76 - 80 %	1 - 50	None	None
11	Church or n/a	1500	1							1					None	1 - 25 %	1 - 50	None	None
12	Church or n/a		1							1					None	76 - 80 %	1 - 50	None	None
13	Community	3500				1									None	76 - 80 %	1 - 50	None	None
14	Community	25000	1											1	1 - 25 %	26 - 50 %	51 - 100	76 - 80 %	11 - 20
15	Community	10,000								1					None	1 - 25 %	1 - 50	51 - 75 %	11 - 20
16	Community	2400	1												None	51 - 75 %	1 - 50	26 - 50 %	1 - 10
17	Community	200	n/a	n/a	n/a	n/a	n/a	n/a		1					None	76 - 80 %	1 - 50	None	None
18	Community	15000	1							1					None	76 - 80 %	1 - 50	None	None
19	Community	22000	1											1	None	1 - 25 %	1 - 50	76 - 80 %	More than 1
20	Community	2500	1												None	76 - 80 %	1 - 50	None	None
21	Community	3600	1												None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
22	Church or n/a	6000	1							1					None	1 - 25 %	1 - 50	51 - 75 %	1 - 10
23	Church or n/a	20000	1												None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
24	Community	24500		1		1	1		1				1		1 - 25 %	1 - 25 %	51 - 100	1 - 25 %	11 - 20
25	Community	2500	1	1											None	26 - 50 %	1 - 50	26 - 50 %	11 - 20
26	Community	125000								1					None	1 - 25 %	1 - 50	76 - 80 %	21 - 30
27	Church or n/a	4000				1							1		1 - 25 %	51 - 75 %	1 - 50	51 - 75 %	1 - 10
28	Church or n/a	2500	1							1					None	26 - 50 %	1 - 50	1 - 25 %	1 - 10
29	Other school	60000	1											1	1 - 25 %	76 - 80 %	1 - 50	26 - 50 %	More than 1
30	Other school	5000							1		1				1 - 25 %	1 - 25 %	1 - 50	1 - 25 %	1 - 10
31	Other school	5000	1							1					1 - 25 %	1 - 25 %	1 - 50	1 - 25 %	1 - 10
32	Community	23000					1		1					1	1 - 25 %	51 - 75 %	101 - 150	1 - 25 %	1 - 10
33	Community n/a		n/a	n/a	n/a	n/a		n/a							None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
34	Community	12000	1				1		1						None	1 - 25 %	1 - 50	1 - 25 %	1 - 10
35	Community n/a		n/a	n/a	n/a	n/a	n/a	n/a		1					None	1 - 25 %	1 - 50	1 - 25 %	1 - 10
36	Church or n/a		n/a	n/a	n/a	n/a	n/a	n/a		1					None	76 - 80 %	1 - 50	None	None
37	Church or n/a		n/a	n/a	n/a	n/a	n/a	n/a		1					None	76 - 80 %	None	None	None
38	Community	10000	1												None	None	None	51 - 75 %	1 - 10
39	Community	29000	n/a	n/a	n/a	n/a	n/a	n/a							None	26 - 50 %	1 - 50	26 - 50 %	11 - 20
40	College or n/a	32000					1		1						76 - 100 %	1 - 25 %	1 - 50	None	1 - 10
41	Church or n/a	5000	1	n/a	n/a	n/a				n/a					1 - 25 %	1 - 25 %	1 - 50	76 - 80 %	1 - 10
42	Community n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a	None	None	None	1 - 25 %	21 - 30
43	College or n/a	59000	1							1					1 - 25 %	1 - 25 %	1 - 50	51 - 75 %	21 - 30
44	Community n/a														None	1 - 25 %	1 - 50	26 - 50 %	21 - 30
45	Community	55000	1												None	1 - 25 %	1 - 50	26 - 50 %	21 - 30
46	Community	5000				1			1					1	51 - 75 %	1 - 25 %	51 - 100	1 - 25 %	21 - 30
47	Community	15000	1												None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
48	Other school n/a		1							1					None	51 - 75 %	1 - 50	None	None
49	Church or n/a	8000	1												None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
50	College or n/a	8000	1												None	None	None	None	None
51	Church or n/a	7000	1												None	1 - 25 %	1 - 50	1 - 25 %	1 - 10
52	Community	15000	1							1					1 - 25 %	26 - 50 %	1 - 50	51 - 75 %	11 - 20
53	Church or n/a	8000	1							1					None	76 - 80 %		1 - 25 %	1 - 10
54	Community	100000	1												None	26 - 50 %	More than 151 - 75 %	More than 1	
55	Community	5000	1												None	1 - 25 %	1 - 50	1 - 25 %	1 - 10
56	Community	12000	1												None	None	None	76 - 80 %	1 - 10
57	Community	12000	1												None	None	None	76 - 80 %	1 - 10
58	Community	4000	1												None	None	None	76 - 80 %	More than 1
59	Community	10000	1							1					None	1 - 25 %	1 - 50	76 - 80 %	21 - 30
60	Community	20000	1												None	76 - 80 %	1 - 50	None	1 - 10
61	Community n/a		1							1					None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
62	Church or n/a		1												None	1 - 25 %	1 - 50	None	None
63	Church or n/a		1												None	76 - 80 %	1 - 50	None	None
64	College or n/a						1						1		1 - 25 %	None	1 - 50	None	1 - 10
65	Other school	3600					1	1		1					None	None	None	76 - 80 %	1 - 10
66	Community n/a		n/a	n/a	n/a	n/a	1	1	1				1		26 - 50 %	51 - 75 %	101 - 150	None	1 - 10
67	Community n/a		n/a	n/a	n/a	n/a			n/a	n/a	n/a	n/a	n/a	n/a					
68	Community	2400	1							1					None	1 - 25 %	1 - 50	76 - 80 %	1 - 10
69	Community	12000	1	1			1								None	76 - 80 %	1 - 50	1 - 25 %	1 - 10
70	Community n/a														None	1 - 25 %	1 - 50	None	None
71	Community n/a				1			1	1						None	1 - 25 %	1 - 50	76 - 80 %	More than 1
72	Community	8000	1												1 None	26 - 50 %	1 - 50	51 - 75 %	21 - 30
73	Other school	1500	n/a	n/a	n/a	n/a	n/a	n/a					1		None	None	None	76 - 80 %	1 - 10
74	Community	16000					1							1	1 - 25 %	76 - 80 %	More than 11 - 25 %	11 - 20	
75	Church or n/a	7500								1					None	1 - 25 %	1 - 50	None	None
76	Other school n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	76 - 100 %	1 - 25 %	1 - 50	1 - 25 %	1 - 10
77	Local gover n/a		1	1	1	1					1	1	1		76 - 100 %	1 - 25 %	1 - 50	1 - 25 %	1 - 10
78	Local gover	130000		1	1	1					1				None	76 - 80 %	1 - 50	None	None
79	Other school	1600	1												None	1 - 25 %	1 - 50	76 - 80 %	1 - 10
80	Other school n/a					1							1		1 - 25 %	1 - 25 %	1 - 50	76 - 80 %	1 - 10
81	Community	1300	1												None	1 - 25 %	1 - 50	None	None
82	Church or n/a	1000	1												None	1 - 25 %	1 - 50	76 - 80 %	1 - 10
83	Community	85000	1												None	None	None	76 - 80 %	More than 1
84	Church or n/a	1500	1											1	None	26 - 50 %	1 - 50	None	None
85	College or n/a	5500			1								1		1 - 25 %	1 - 25 %	1 - 50	1 - 25 %	1 - 10
86	Community	70000	1							1					None	1 - 25 %	1 - 50	76 - 80 %	21 - 30
87	Community	20000	1												None	76 - 80 %	1 - 50	26 - 50 %	More than 1
88	Other school n/a		1							1					None	None	None	None	None
89	Community	60000		1			1								1 - 25 %	76 - 80 %	More than 11 - 25 %	11 - 20	
90	College or n/a	8620			1	1							1	1	None	None	None	1 - 25 %	21 - 30
91	Community	1000	1											1	76 - 100 %	1 - 25 %	1 - 50	None	None
92	Community	5000				1								1	26 - 50 %	26 - 50 %	1 - 50	1 - 25 %	1 - 10
93	Community	25000			1	1			1					1	1 - 25 %	76 - 80 %	101 - 150	1 - 25 %	1 - 10
94	Community	40000					1		1					1	1 - 25 %	1 - 25 %	51 - 100	51 - 75 %	More than 1
95	Community	7000	n/a	n/a	n/a	n/a	n/a	n/a		1			</						